

PURPOSE OF THE FUND

From 1962 through 1986, the Federal Telecommunications (FT) Fund was an intragovernmental revolving fund that reimbursably financed a telecommunications system for the Federal Government that was a major operating component of the national communications system. It provided cost effective and efficient telecommunications to Federal users, including local and long distance voice, teletype, data, facsimile, and other communications services.

Expenses payable from the fund included personal services, procurement by lease or purchase of equipment and operating facilities (including cryptographic devices), and other costs necessary to operate the system. These expenses were reimbursed from appropriations and funds made available to agencies or organizations for telecommunications services and facilities.

Following the close of each fiscal year any surplus earnings, after making provision for any prior year losses, were deposited in miscellaneous receipts of the Treasury.

In 1987, the FT Fund was consolidated into a new Information Technology Fund.

AUTHORIZATION OF THE FUND

The fund was authorized by Public Law 87-847, approved October 23, 1962, which added the authorization as a new Section 110 of the Federal Property and Administrative Services Act of 1949, as amended.

HISTORY OF THE FUND

Telecommunications operations, provided by the Public Buildings Service even before enactment of the Federal Property and Administrative Services Act of 1949, were financed by annual operating expense appropriations and reimbursements until January 1, 1953, when the Buildings Management Fund (BMF) was established. Costs of operations were paid then from the BMF and reimbursed through billings to users of the system. Salaries of switchboard and teletypewriter operators were billed either to individual agencies having exclusive use of the board involved, or recovered from Operating Expenses, PBS (OE, PBS) for common-use boards and TWX facilities. While telecommunications operations were financed under the BMF, communications management was financed under OE, PBS.

In fiscal year 1962, a supplemental appropriation for Expenses, Federal Telecommunications Systems was requested and enacted to provide for supervision, planning and engineering to implement a unified telecommunications system for civilian agencies. Funds and management functions were transferred from OE, PBS to the new appropriation, Operating Expenses, Transportation and Communications Service (OE, TCS). In 1973, TCS and the Office of Automated Data Management Services of FSS became the Automated Data and Telecommunications Service (ADTS), later the Office of Information Resources Management (OIRM) in 1982, and the Information Resources Management Service (IRMS) in 1985.

Prior to 1960, in addition to regulatory and representational activity, the primary emphasis of the GSA Communications Program was to provide joint-use telephone switchboard service in areas of concentrated Federal employees and activities, and to provide a general usage teletype system connecting over 200 agency stations throughout the country, an outgrowth of the system originally established in 1941 by the Office of Emergency Management. Intercity telephone service was limited to point-to-point circuits connecting pairs of cities with a high community of interest.

Except for certain operational-type networks, integrating all existing civilian Government communications systems into a unified communications system was first proposed in November 1959 by the Director of the Office of Defense Mobilization (later the Federal Preparedness Agency and Federal Emergency Management Agency). At the direction of the President, this was followed by a detailed study within GSA. In January, 1961, the Bureau of the Budget advised the Administrator of GSA of the President's approval, and directed that GSA go forward with establishing the Federal Telecommunications System (FTS).

The FT Fund was established in 1962 to finance costs of the FTS that are then reimbursed from annual appropriations of agencies using the system. It was capitalized with an appropriation of \$9 million (P.L. 88-25, May 17, 1963) and an additional \$250 thousand in assets from other GSA programs. Fund capital was increased by \$20 million in 1977 (P.L. 95-26, May 4, 1977); \$5 million in 1980 (P.L. 96-74, September 29, 1979) and \$2.5 million in 1981 (P.L. 96-536).

Phase I of the FTS intercity voice network was activated on February 15, 1963, and interconnected 43 areas. Phase II was activated on July 6, 1964, and interconnected 355 areas. The initial phase of the Advanced Records System (ARS) was activated on February 17, 1977, with 400 subscriber stations; by fiscal year 1967 it had grown to 1,283 subscriber stations, and to approximately 1,900 subscriber lines by 1981. ARS was transferred to the Veterans Administration in 1984.

GSA began centralized circuit procurement for civil agency intercity leased line requirements in 1961. Communications companies issued TELPAK tariffs that, for the first time, provided for substantial savings when combined requirements were ordered by a single agent. In late FY 1981, the TELPAK tariff was discontinued, and the scope of the circuit procurement program was greatly reduced. Multiple tariff offerings remained available, however, and centralized circuit procurement remained a viable option.

GSA participation with other agencies in providing technical support for planning and implementing the National Communications System (NCS) dates from the August, 1963 Presidential Memorandum directing establishment of the NCS. This was also in accordance with E.O. 11093 of February 26, 1963, which charged GSA with preparing national emergency plans and developing preparedness programs to meet essential administrative requirements of civilian activities of executive departments and agencies.

In 1987, Pub. L. 99-500 and 99-591 consolidated the FT Fund and the Automatic Data Processing Fund into a new Information Technology Fund, effective January 1, 1987.

DESCRIPTION OF CURRENT BUDGETARY ACTIVITIES

As of 1986, FT Fund activities consisted of five operating activities and a capital investment program.

1. Local Service Program. Provided effective and economical local telephone service to executive agencies by operating consolidated telephone systems and by procuring equipment through competitive processes.

2. Intercity Service Program. Provided for operation of the Federal Telecommunications System (FTS), an intercity network linking 1.3 million Federal telephones with each other and the public direct distance dialing network. It also financed reimbursable services supporting other agencies' dedicated requirements. Program subactivities included:

- a. Network reconfiguration, by digitalizing access lines and trunks, using network modeling, and more effective switching arrangements.
- b. The OPMODEL System, a joint DOE-GSA procurement of an integrated satellite broadband telecommunications network encompassing 25 earth stations that supported high-speed data, document distribution, video teleconferencing, and FTS voice services.
- c. DCS Defense Commercial Telecommunications Network (DCTN), a planned wide band digital service; the GSA pilot phase involved 11 geographic concentration points for FTS voice and voice band data.
- d. The Program Support Communications Network (PSCN), a joint NASA-GSA nationwide satellite-based state of the art telecommunications system with 16 earth stations.

3. Data Program. Provided a common unified data communications system to satisfy data communications requirements of Federal civil agencies by providing machine-to-machine service for transmission of data by teletypewriter, facsimile, and other transmission media.

4. Special Programs. Provided for an effective communications security program for civil agencies, including GSA, in keeping with the objectives of the U.S. communications security plan, and a consolidated program of procurement and maintenance of equipment to implement such security plans. This program provided assurances for the continuity of the Federal telecommunications system in the event that portions of the system were disabled or destroyed. There were three major programs: National Funded Support Service (NFSS), providing secure voice communications services to the President, members of Congress, and selected Government agencies; Communications Security (COMSEC), providing in-place technical expertise, personnel, logistics, and facilities needed to furnish agencies with secure voice and data communications; and National Security Emergency Plan (NSEP), providing communications services at designated safety sites in case of a national emergency. In addition, this program provided reimbursable telecommunications support to the Federal Emergency Management Agency during declared emergencies and major disasters.

5. Other Telecommunications Programs. These programs provided for commercial toll calls reimbursed by user agencies; Call detail Reporting, for reporting on long distance calls located in the Washington, DC area; the Circuit Procurement Program allowing Federal, state, and local governments to buy capacity excess to GSA need; the Technical Services Contract Program, which made available to Federal agencies telecommunications systems and design services through contracts with private vendors; and other miscellaneous activities, such as Teleconferencing and Radio Services.

6. Capital Investments. FT Fund capital was used to purchase telecommunications equipment, when this would result in the least-cost provision of service, and for purchase of communications security and related maintenance equipment supporting a specialized secure communications network. Because the capital of the fund was limited, it was sometimes necessary to use a more costly alternative to procurement, such as leasing.

APPROPRIATION LANGUAGE

The appropriation language for initial capital for this Fund appeared in the Supplemental Appropriations Act, 1963, P.L. 88-25, approved May 17, 1963. The language as it last appeared is noted below:

"To increase the capital of the Federal Telecommunications Fund established by Section 101 of the Federal Property and Administrative Services Act of 1949, as amended, (40.U.S.C. 757), \$_____."

BUDGETARY HISTORY OF APPROPRIATIONS \$(Thousands)

Fiscal	Estimate	President's	House	Senate	-----Appropriation-----		
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<u>Year</u>	<u>to OMB</u>	<u>Allowance</u>	<u>Bill</u>	<u>Bill</u>	<u>Amount</u>	<u>P.L.</u>	<u>Date</u>
Transferred assets from GSA accounts					250	-	-
1963	-	-	-	-	9,000	88-25	5/17/63
1964	-	-	-	-	-	-	-
1965	-	-	-	-	-	-	-
1966	-	-	-	-	-	-	-
1967	-	-	-	-	-	-	-
1968	-	-	-	-	-	-	-
1969	-	-	-	-	-	-	-
1970	-	-	-	-	-	-	-
1971	-	-	-	-	-	-	-
1972	-	-	-	-	-	-	-
1973	-	-	-	-	-	-	-
1974	-	-	-	-	-	-	-
1975	-	-	-	-	-	-	-
1976	-	-	-	-	-	-	-
1977	25,000	25,000	16,000	25,000	20,000	95-26	5/4/77
1978	-	-	-	-	-	-	-
1979	-	-	-	-	-	-	-
1980	5,000	5,000	5,000	5,000	5,000	96-74	9/29/79
1981	5,000	5,000	2,500	2,500	2,500	96-536	12/16/80
1982	-	-	-	-	-	-	-

1983	-	-	-	-	-	-	-
1984	-	-	-	-	-	-	-
1985	-	-	-	-	-	-	-
1986	112,000	-	-	-	-	-	-

PROGRAM COSTS BY BUDGET ACTIVITY
\$(Thousands)

<u>Fiscal Year</u>	<u>Total Program Oblig</u>	<u>Voice</u>	<u>Record</u>	<u>Circuit Procure- ment</u>	<u>Special Programs</u>	<u>Prior Year Costs</u>	<u>Capital Outlay*</u>
1964	\$39,528	\$33,200	\$4,553	\$1,508	\$220	-	\$47
1965	68,070	60,683	4,068	2,931	284	-	105
1966	78,077	69,753	3,913	3,378	362	-	671
1967	87,908	74,925	7,538	4,282	354	\$721	89
1968	97,434	82,637	9,253	4,346	363	608	228
1969	110,194	94,423	9,934	5,024	478	-	337
1970	128,265	110,619	10,862	5,772	968	-	44
1971	150,785	130,665	12,050	6,524	1,466	-	80
1972	178,243	155,046	13,681	7,467	1,712	-	337
1973	216,697	187,818	17,393	8,476	2,757	-	253
1974	249,442	214,961	21,987	8,658	2,710	-	1,126
1975	284,688	244,431	28,563	8,071	2,755	-	868
1976	321,743	280,721	27,882	9,445	3,158	-	537
TQ	85,438	74,798	6,952	2,596	821	-	271
1977	352,447	305,340	30,520	11,561	4,329	-	697
1978	378,746	330,236	29,622	12,497	5,148	-	1,243
1979	411,197	358,720	30,584	13,203	5,686	-	3,004
			<u>Data Program</u>				
1980	456,421	393,673	35,380	15,325	6,785	-	5,258
1981	538,928	485,556	32,868	11,306	7,748	-	1,450
1982	658,879	598,787	36,780	2,586	8,586	-	12,140
1983	676,023	620,892	36,232	2,647	8,756	-	7,496
1984	705,622	665,858	18,670	1,404	12,394	-	7,296
		<u>Local Service</u>		<u>Intercity Service</u>		<u>Other Programs</u>	
1985	704,759	220,076	7,623	417,493	28,004	18,934	12,629
1986	718,879	207,864	--	466,540	31,179	--	13,296

* Acquisition of Fixed Assets.

FINANCIAL ASPECTS OF THE PROGRAM
\$(Thousands)

<u>Fiscal</u>	<u>-----Operations-----</u>	<u>Operating Income</u>	<u>Non- Operating Income</u>	<u>Net Income</u>	<u>Approp.</u>	<u>Payments to</u>
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<u>Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>or Loss</u>	<u>or Loss</u>	<u>or Loss</u>	<u>Capital</u>	<u>Treasury</u>	<u>Outlays</u>
1963	-	-	-	-	-	9,293 1/	-	-
1964	41,803	39,508	2,295	292	2,587	-	-	- 635
1965	63,543	68,025	- 4,482	74	- 4,407	-	\$1,998	1,834
1966	81,604	77,500	4,104	- 8	4,097	-	-	- 3,002
1967	88,290	87,976	314	-	314	-	-	- 5,227
1968	97,700	97,379	321	- 69	252	-	3	- 5,823
1969	110,608	110,044	564	- 10	554	-	252	- 725
1970	128,544	128,476	68	4	72	-	554	942
1971	153,486	150,911	2,575	- 5	2,571	-	72	- 2,062
1972	176,875	178,123	- 1,248	- 44	- 1,292	-	2,571	- 1,908
1973	217,657	216,674	983	- 169	814	-	-	- 27
1974	250,030	248,659	1,371	- 1	1,370	-	-	3,025
1975	281,724	284,443	- 2,719	- 47	- 2,766	-	891	- 3,165
1976	324,589	322,073	2,515	- 10	2,502	-	-	- 10,900
T.Q.	83,911	85,306	- 1,395	-	1,395	-	-	9,227
1977	359,027	352,627	6,400	- 9	6,391	20,000	-	- 6,178
1978	377,236	378,206	- 970	43	- 927	-	4,731	- 643
1979	410,033	408,656	1,377	- 22	1,355	-	-	- 10,532
1980	447,814	452,293	- 4,479	- 19	- 4,498	5,000	427	14,080
1981	541,429	538,751	2,678	1,683	4,361	2,500	-	- 47,003
1982	642,996	640,537	2,459	- 2,070	389	-	-	2,614
1983	665,852	662,599	3,253	- 3,038	215	-	219	- 2,385
1984	694,813	689,375	5,438	- 2,349	3,089	-	215	- 46,641
1985	665,631	675,783	- 10,152	- 2,879	- 13,031	-	4,344	- 3,020
1986	725,966	702,153	23,813	- 5,485	18,328	-	6,464	- 2,819

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Includes \$293 thousand in donated assets.

EMPLOYMENT DATA

<u>Fiscal Year</u>	<u>Permanent Positions</u>	<u>Average Employment</u>	<u>Average GS Grade</u>	<u>Average ES Salary</u>	<u>Average GS Salary</u>	<u>Ungraded Salary</u>
1964	1,509	1,345	4.2	-	\$5,028	\$6,816
1965	1,432	1,498	4.5	-	5,526	7,052
1966	1,422	1,400	4.6	-	5,792	6,818
1967	1,439	1,453	4.6	-	5,956	6,307
1968	1,518	1,525	4.6	-	6,252	6,829
1969	1,409	1,527	4.7	-	6,395	6,365
1970	1,440	1,595	4.8	-	7,667	7,758
1971	1,531	1,748	4.9	-	8,132	8,236

1972	1,496	1,690	5.0	-	8,770	9,432
1973	1,603	1,805	5.1	-	9,110	8,662
1974	1,760	1,913	5.16	-	9,703	9,880
1975	1,686	1,863	5.37	-	10,489	10,826
1976	1,786	1,925	5.47	-	11,167	11,627
1977	1,786	1,911	5.47	-	11,802	12,227
1978	1,860	1,957	5.68	-	12,481	13,422
1979	1,860	1,890	5.80	-	13,730	14,497
1980	1,874	1,904	5.98	-	14,712	13,236
1981	1,874	1,843	6.07	50,112	15,445	13,466
1982	1,624	1,634	6.57	58,500	18,281	16,785
1983	1,311	1,435	(Average grade and salary data no longer shown in budget)			
1984	1,321	1,318				
1985	1,383	1,429				
1986	1,307	1,434				